

SENATE BILL 2712

By Yarbro

AN ACT to amend Tennessee Code Annotated, Title 66,
Chapter 28, relative to security deposits.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 66-28-301, is amended by adding the following new subsection:

(i)

(1) Upon a tenant's request, all landlords who own and control more than twenty-five (25) rental units and require a security deposit shall offer to accept at least one (1) of the following options in lieu of the required security deposit:

(A) Rental security insurance that satisfies the following criteria:

(i) The insurance provider is an approved carrier licensed by, and in good standing with, the department of commerce and insurance;

(ii) The coverage is effective upon the payment of the first premium and remains effective for the entire lease term; and

(iii) The coverage provided per claim is no less than the amount the landlord requires for security deposits;

(B) Payment of the security deposit over a series of no less than six (6) equal monthly installment payments, which installments shall be due on the same day as the monthly rent payment and which may be paid together with the monthly rent payment in a single transaction, absent separate agreement by the landlord and tenant; or

(C) Payment of a reduced security deposit, which amount shall be no more than fifty percent (50%) of the monthly rental rate charged for the subject rental unit.

(2) Prior to entering into a rental agreement, a landlord shall provide the tenant written notice of the available security deposit alternatives contained in subdivision (i)(1).

(3) If rental security insurance meeting the criteria in subdivision (i)(1)(A) is not available, a landlord shall satisfy the requirement of subdivision (i)(2) by offering, at the option of the landlord, one (1) of the rental security deposit alternatives described in subdivision (i)(1)(B) or (i)(1)(C).

(4) This subsection (i) does not apply to a deposit placed with a landlord to secure the availability of a rental unit more than sixty (60) days prior to the commencement of the rental period.

(5) A tenant who elects to provide rental security insurance in lieu of a required security deposit is not required to provide additional security or insurance coverage per claim in an amount greater than the amount required for security deposits.

SECTION 2. This act shall take effect July 1, 2020, the public welfare requiring it.